

titles of legal tenders as a part of their lawful reserve.' The banks in Albany, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Detroit, Louisville, Milwaukee, New Orleans, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco, and Washington were required to keep a reserve in lawful money equal to twenty-five per cent, of their aggregate notes in circulation and deposits. Banks outside of these ¹¹ reserve cities " were required to keep a reserve of at least fifteen per cent., but three-fifths of the reserve in these cases might be deposited with banks in the " reserve cities."

Hugh McCulloch was the first Comptroller of the Currency appointed under the new law, and it is to his ability and good judgment that much of the success of the new banking system was due. He had been president of the admirably managed Bank of the State of Indiana, and went to Washington in 1862 to oppose the national banking bill. His opinions underwent a change after the bill was amended in the following year and became a law, but it was with some surprise that he received the invitation to become the head of the new system. He stipulated for absolute control over the choice of his employees and for permission to resign the place as soon as the system was well organized. The First National Bank of Philadelphia was the first authorized to begin business, on June 20, 1863. Several other certificates were issued on the same day, but the Western banks were generally more prompt to come into the national system than those of the East. Mr. McCulloch discusses some of the objections to the new system and the manner in which he met them, in the following passage of his memoirs :

' ¹ It was the distinct proposal of Secretary Chase that the notes should be payable, "after resumption, in specie, by the association which, issues them, on demand ; and if not so paid will be redeemable at the Treasury of the United States from the proceeds of the "bonds pledged in security."—Report on the Finances, 1862, 17. But this safeguard was not adopted, and the banks continued, long after resumption by the Treasury, to redeem their notes only in paper money.